

Message Text

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PAGE 01 LUSAKA 02234 151114Z

53

ACTION AF-06

INFO OCT-01 EUR-12 ISO-00 IO-10 EB-07 AID-05 OPIC-03 XMB-02

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R 150952Z NOV 75

FM AMEMBASSY LUSAKA

TO SECSTATE WASHDC 2385

INFO AMEMBASSY DAR ES SALAAM

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C O N F I D E N T I A L LUSAKA 2234

EO 11652: GDS

TAGS: EFIN, ZA

SUBJECT: IBRD VICE PRESIDENT ON ZAMBIA'S ECONOMIC SITUATION

REF: LUSAKA 2216, LUSAKA 2142

1. INVITED SHAHID HUSAIN, IBRD'S VICE PRESIDENT FOR EASTERN AFRICA FOR CHAT ON BANK'S ASSESSMENT OF ZAMBIAN ECONOMIC SITUATION BEFORE HIS DEPARTURE EVENING OF NOVEMBER 14 FOR WASHINGTON FOLLOWING WEEK LONG VISIT TO LUSAKA. TWO IBRD SECTOR MISSIONS ON AGRICULTURE AND EDUCATION ALSO JUST DEPARTMENT ZAMBIA.

2. HUSAIN CONFIRMED BANK'S CONTINUING CONCERN OVER SHOCKING LACK OF CLEAR DIRECTION AND LEADERSHIP OF ZAMBIAN ECONOMIC POLICY. NEVERTHELESS BANK WILL MAINTAIN ITS DIALOGUE HERE, OUTLINE THE OPTIONS, AND INSIST ON STRICT ADHERENCE TO CONDITIONS UNDER WHICH BANK WILL ASSIST WITH COUNTRY'S DEVELOPMENT. HUSAIN SAID BANK WOULD PROBABLY RECOMMEND SOME PROGRAM LOAN (WE UNDERSTAND IT WOULD BE AT LEAST \$15 MILLION) TO HELP TIDE COUNTRY OVER CURRENT ECONOMIC DIFFICULTIES. POUCHING MEMCON.

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PAGE 02 LUSAKA 02234 151114Z

3. HUSAIN CONTRASTED ZAMBIAN MUDDLING THROUGH WITH SHARP FOCUS OF TANZANIAN ECONOMIC POLICY AND DECISIVE ACTIONS OF PRESIDENT NYERERE. HSUAIN HAD "FRANKEST TALK OF HIS CAREER" WITH PRESIDENT KAUNDA WHOM HE FOUND AWARE AND WORRIED ABOUT ECONOMIC PROBLEMS BUT APPARENTLY INHIBITED FROM INTRODUCING POLICIES TRULY CONSISTENT WITH COUNTRY'S DECLARED OBJECTIVES AND PHILOSOPHY OF EGALITARIANISM. IBRD HAS BEEN PREACHING NEED FOR GENUINE DIVERSIFICATION INTO AGRICULTURE BUT HAS SEEN LITTLE PROGRESS. HUSAIN BELIEVES SINGLE MOST SIGNIFICANT RESTRAINT ARE REAL POLITICAL LIMITS ON KAUNDA'S AUTHORITY AND ABILITY TO MANAGE AND EFFECT ECONOMIC REFORMS.

4. BELIEVE IT WORTHWHILE FOR AF AND AID POLICY OFFICERS AND US REP TO IBRD TO SEEK OPPORTUNITY FOR EXCHANGE WITH HUSAIN ON HIS RETURN TO WASHINGTON. WE HAD IMPRESSION THAT BANK MAY HOLD OFF ON RECOMMENDING NEW PROGRAM LOAN UNTIL IT SEES ZAMBIA'S BUDGET IN LATE JANUARY.
WILKOWSKI

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